RATING REPORT

Reliance Insurance Company Limited (RICL)

REPORT DATE:
January 31, 2025

RATING ANALYST:
Musaddeq Ahmed Khan
musaddeq@vis.com.pk

RATING DETAILS		
Rating Category	**Latest Rating**	**Previous Rating**
	Long-term	**Long-term**
IFS	A+	A+
Rating Date	*Jan. 31, 25*	*January 2, '24*
Rating Outlook/ Rating Watch	Stable	Stable
Rating Action	Reaffirmed	Reaffirmed

COMPANY INFORMATION	
Incorporated in 1981	**External auditors:** BDO Ebrahim & Co. Chartered Accountants
Public Limited Company	**Chairman of the Board:** Mr. Irfan Zakaria Bawany
Key Shareholders (with stake 5% or more):	**Chief Executive Officer:** Mr. A. Razak Ahmed
Individuals - 47.41%	
M/s. Sharmeen Food (Pvt.) Ltd. - 11.27%	
M/s. Irfan Ashfaq & Company (Pvt.) Ltd., - 10.98%	
Mr. Irfan Zakaria Bawany – 6.18%	
Mrs. Shehla Irfan – 5.98%	

APPLICABLE METHODOLOGY(IES)

VIS Entity Rating Criteria Methodology – General Insurance
https://docs.vis.com.pk/docs/GeneralInsurance-2023.pdf

APPLICABLE RATING SCALE(S)

VIS Issue/Issuer Rating Scale:
https://docs.vis.com.pk/docs/VISRatingScales.pdf

Reliance Insurance Company Limited (RICL)

OVERVIEW OF THE INSTITUTION

RICL was incorporated as a public limited company and commenced operations in 1981. The Company is engaged in provision of general insurance business services and takaful services through its Window Takaful Operations.

Profile of the Chairman:

Mr. Irfan Zakaria Bawany has been the Chairman of the Board of Directors of RICL from 28th July, 2020. He has diversified experience in various industries.

Profile of the CEO

Mr. Razak Ahmed is the CEO of RICL since 1995. He has over 46 years of experience in the insurance industry both in public and private sectors.

RATING RATIONALE

Rating assigned to Reliance Insurance Company Limited ('RICL' or 'the Company') derives strength from the sponsorship backing of two industrial groups of the country, namely, the Al-Noor Group and the Amin Bawany Group, which have business interests in sugar, modaraba, board manufacturing and trading. The assigned rating also takes into account the stability and experience of the management team. The Company achieved growth in gross written premium (GWP), reflecting its efforts to enhance market share and drive sustainable growth despite a competitive landscape. Additionally, net claim performance remained favorable. The improvement in the net claim ratio and underwriting expense ratio resulted in underwriting profits during 9MCY24. Higher investment income on the back of increase in equity and mutual funds, further supported the bottom-line.

In addition, the rating reflects the overall risk profile being supported by sound reinsurance arrangements with reputed international reinsurers. Rating remains sensitive to sizable investment in equity portfolio entailing higher price risk. The overall liquidity profile, as exhibited by liquid asset coverage of net technical reserves remains sound. While capitalization levels have improved during the review period due to the internal capital generation; the same remains on the lower side indicating room for growth. Going forward, the rating will depend on the Company's ability to improve its market share and improving profitability, especially by optimizing operational efficiencies and pursuing strategic growth initiatives.

Insurance Sector Update

Global Overview

The global insurance industry has demonstrated remarkable resilience and adaptability amidst evolving macroeconomic conditions and heightened geopolitical tensions. In 2023, the industry recorded its strongest growth since 2006, expanding by 7.5%. Global premiums reached USD 7.2 trillion, divided among life insurance (USD 2.8 trillion), property and casualty (P&C) (USD 2.1 trillion), and health insurance (USD 1.4 trillion).

Regional market dynamics underscore significant variances in growth. North America continues to dominate the P&C and health insurance segments, contributing 54.2% and two-thirds of global premiums, respectively. The Asia-Pacific region led the recovery in life insurance, buoyed by China's post-pandemic rebound (7.7% growth) and India's exceptional growth trajectory of 13.6%. In Europe, life insurance premiums grew by 3.3% in 2023 after a contraction in 2022, though challenges persist, including a heavy reliance on single-premium products.

Sustainability and ESG (Environmental, Social, and Governance) integration have become central to insurers' strategies, with almost all firms embedding sustainability goals into their investment portfolios. Clean energy and transition technologies are particularly prominent themes. Technological innovation, especially through artificial intelligence (AI), is gradually replacing traditional insurance processes. AI is now critical for underwriting, claims management, and risk modeling, while advancements in IT enable real-time customer engagement and personalized products.

Capital management strategies are also evolving in response to macroeconomic changes. Higher interest rates have improved investment yields, prompting insurers to increase allocations to private markets and alternative assets, such as infrastructure debt. Liquidity management remains a top priority as insurers strive to balance portfolio diversification with maintaining stable risk levels. Meanwhile, regulatory developments and geopolitical tensions are among the top macroeconomic concerns for insurers, further complicated by diverging monetary policies across regions.

Looking ahead, the global insurance market is projected to grow at an annual rate of 5.5% over the next decade, with life and health insurance driving much of this expansion. Asia is expected to remain the primary growth engine, accounting for nearly half of the absolute premium increase. However, the industry must address key challenges, such as balancing insurability and affordability amidst rising climate and cyber risks, tackling inequalities exacerbated by demographic and economic shifts, and adapting to regulatory changes in a fragmented geopolitical environment.

Local Overview

The insurance sector in Pakistan, demonstrates a complex and evolving landscape. The industry is divided into life and non-life insurance segments, with significant contributions from both conventional and takaful (Islamic insurance) operations. However, insurance penetration remains low, at just 0.79% of Gross Domestic Product (GDP). In 2023, the life insurance sector reported a gross premium of PKR 404 billion, with claims paid amounting to PKR 289 billion. Health policies dominated the product distribution, constituting 41% of the total premium, followed by participating policies at 30% and unit-linked policies at 23%. The non-life insurance sector, on the other hand, recorded a gross premium of PKR 227 billion, with claims paid totaling PKR 84 billion. Fire and property damage insurance accounted for the largest share of the premium at 31%, followed by motor insurance at 20% and engineering insurance at 16%.

The financial performance of the sector highlights a substantial investment income, with the life insurance segment reporting total assets of PKR 2,518 billion and investments of PKR 1,911 billion as of Dec'23. The non-life insurance segment also showed strong financial health, with total assets of PKR 381 billion and investments of PKR 145 billion as of Dec'23. The takaful sector, although smaller, shows promising growth potential, particularly in the family takaful segment, which contributed 35% of the total private sector premium. The general takaful segment accounted for 11% of the total non-life insurance industry premium.

Challenges facing the sector include low motor insurance adoption, limited local reinsurance capacity, and a shortage of skilled human resources. The SECP's strategic plan underscores the importance of adopting IFRS-17 by January 2026, embracing technological advancements, strengthening legislative frameworks, and enforcing compulsory insurance schemes to tackle current challenges. Overall, the insurance sector in Pakistan is poised for potential growth, driven by both conventional and takaful operations. The industry's financial stability, coupled with strategic initiatives by the SECP, positions it well for future expansion and increased penetration in the national economy.

Auditor's Opinion

M/s. BDO Ebrahim & Co., Chartered Accountants has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of December 2023.

Business Update - RICL

RICL is engaged in providing general insurance and window takaful operations to four primary segments, namely, fire & property damage, marine, motor and miscellaneous. The Company has a branch network of 24 locations across the country; no new branches were introduced over the rating review period.

During CY23, the business mix continued to remain dominated by the fire & property segment, constituting more than half of the topline followed by marine and motor segment. Growth can be observed in all segments in terms of GWP. However, the proportion motor segment in the business mix expanded during the rating review period due to increase in average ticket size. Proportion of marine segment decreased slightly during the review period mainly due to the presence of stiff competition in the segment. Majority of the gross written premium (GWP) stems from conventional insurance segment on a timeline.

During 9MCY24, GWP increased to PKR 812.9m (9MCY23: PKR 738.1m) wherein takaful segment increased to PKR 116.3m (9MCY23: PKR 92.1m) and conventional segment increased slightly to PKR 696.6m (9MCY23: PKR 646.1m).

Proportion of miscellaneous, marine and motor segment increased during 9MCY24 and fire segment. Going forward, the management aims to continue its careful underwriting strategy and projects GWP emanating from the total business to reach PKR 1.3b during CY24.

The breakdown of business mix can be seen below:

Table 1: Business Mix

BUSINESS MIX	**CY22**	**%**	**CY23**	**%**	**3QCY24**	**%**	**3QCY23**	**%**
Fire and property damage	**501.7**	**58.5%**	**623.3**	**56.4%**	**395.8**	**48.7%**	**392.5**	**53.2%**
Conventional	445.0		554.3		330.8		340.0	
Takaful	56.6		69.0		64.9		52.5	

Marine, aviation and transport	**171.4**	**20.0%**	**212.2**	**19.2%**	**172.9**	**21.3%**	**149.7**	**20.3%**
Conventional	155.5		194.9		159.6		137.6	
Takaful	15.8		17.4		13.3		12.1	
Motor	**139.0**	**16.2%**	**218.4**	**19.7%**	**179.9**	**22.1%**	**156.6**	**21.2%**
Conventional	117.2		181.4		142.6		129.9	
Takaful	21.9		37.0		37.4		26.8	
Miscellaneous	**45.8**	**5.3%**	**51.9**	**4.7%**	**64.4**	**7.9%**	**39.4**	**5.3%**
Conventional	44.1		49.8		63.6		38.6	
Takaful	1.7		2.1		0.8		0.7	
Total	**857.9**		**1,105.8**		**812.9**		**738.2**	
Conventional	761.9	**88.8%**	980.3	**88.7%**	696.6	**85.7%**	646.1	**87.5%**
Takaful	96.0	**11.2%**	125.5	**11.3%**	116.3	**14.3%**	92.1	**12.5%**

The overall cession ratio remained range-bound at 46.1% during 9MCY24 (3QCY23: 42.9%) with higher cession recorded in marine segment. Moreover, cession for motor segment remains minimal owing to a high retention on net account. Cession for conventional segments decreased during 9MCY24 due to higher retention in fire & property segment. Nonetheless, the minimal proportion of the segment in the business mix resulted in limited impact on the overall cession ratio.

CESSION RATIO	**CY22**	**CY23**	**3QCY24**	**3QCY23**
Fire and property damage	**51.3%**	**50.3%**	**58.9%**	**57.9%**
Conventional	53.6%	54.5%	51.8%	55.5%
Takaful	63.3%	52.7%	46.0%	46.0%
Marine, aviation and transport	**69.6%**	**53.3%**	**62.1%**	**50.6%**
Conventional	63.4%	60.1%	59.7%	59.3%
Takaful	72.4%	66.0%	65.7%	56.8%
Motor	**5.8%**	**5.0%**	**5.4%**	**4.9%**
Conventional	4.6%	4.7%	4.3%	4.7%
Takaful	15.8%	10.1%	9.9%	9.3%
Miscellaneous	**77.5%**	**64.7%**	**37.8%**	**99.7%**
Conventional	76.8%	68.4%	60.0%	79.0%
Takaful	35.5%	50.6%	151.3%	250.5%
Overall Cession Ratio	**49.0%**	**42.6%**	**46.1%**	**47.4%**
Conventional	50.6%	47.6%	44.9%	49.4%
Takaful	53.5%	42.0%	37.4%	38.5%

Claim Experiences

Gross Claims Ratio	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Fire and property damage	**35.9%**	**71.9%**	**57.7%**	**79.8%**
Conventional	39.0%	74.7%	57.4%	85.5%
Takaful	27.0%	74.4%	69.7%	64.2%
Marine, aviation and transport	**29.7%**	**17.2%**	**19.2%**	**25.7%**
Conventional	33.5%	16.0%	23.9%	27.9%
Takaful	3.5%	34.0%	-35.3%	8.8%
Motor	**45.7%**	**46.4%**	**40.2%**	**38.8%**
Conventional	52.2%	47.4%	44.3%	39.1%
Takaful	29.9%	47.2%	30.8%	39.1%
Miscellaneous	**2.6%**	**8.2%**	**2.4%**	**1.2%**
Conventional	2.7%	6.9%	2.5%	1.2%
Takaful	-2.5%	37.1%	0.0%	6.4%
Total	**34.2%**	**54.0%**	**43.5%**	**57.8%**
Conventional	37.3%	54.9%	44.5%	60.9%
Takaful	23.3%	60.1%	44.8%	49.1%

During 9MCY24, gross claims expense decreased to PKR 380.0m (9MCY23: PKR 433.2m) wherein claims expense of takaful and conventional segments amounted to PKR 52.1m (9MCY23: PKR 45.3m) and PKR 327.9m (9MCY23: PKR 387.9m) respectively. These claims majorly emanated from fire segment. Additionally, motor segment claims increased owing to an increase in average claim cost as vehicle prices reached unprecedented levels over the rating review period.

On the other hand, net claims expense increased to PKR 134.9m (9MCY23: PKR 110.1m) with conventional and takaful net claims amounting to PKR 113.0m (9MCY23: PKR 93.8m) and PKR 21.9m (9MCY23: PKR 16.3m) in 9MCY24. This is due to higher claim cost and high retention of motor related claims on net account. Despite the aforesaid increase, net claims ratio improved as opposed to SPLY due to growth in GWP in the review period.

Breakdown of net claims ratio by segment can be seen below:

Net Claims Ratio	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Fire and property damage	**58.5%**	**56.4%**	**48.7%**	**48.1%**
Conventional	*11.9%*	*20.6%*	*21.0%*	*24.3%*
Takaful	*10.6%*	*39.6%*	*40.0%*	*30.5%*
Marine, aviation and transport	**30.2%**	**25.8%**	**13.3%**	**23.7%**
Conventional	*11.9%*	*20.6%*	*21.0%*	*24.3%*
Takaful	*3.4%*	*27.2%*	*-21.8%*	*0.7%*
Motor	**61.1%**	**50.7%**	**46.7%**	**42.4%**
Conventional	*51.3%*	*50.0%*	*46.3%*	*41.1%*
Takaful	*-1771.9%*	*54.6%*	*48.8%*	*49.9%*
Miscellaneous	**5.0%**	**6.7%**	**1.5%**	**1.6%**
Conventional	*5.4%*	*4.9%*	*1.6%*	*1.4%*
Takaful	*-63.6%*	*51.3%*	*0.0%*	*-1.8%*
Total	**26.9%**	**31.9%**	**29.1%**	**30.0%**
Conventional	*26.0%*	*30.2%*	*27.9%*	*29.1%*
Takaful	*37.0%*	*45.3%*	*38.0%*	*36.6%*

Underwriting performance

(PKR million)	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Net Operating Ratio	**79.6%**	**77.6%**	**66.2%**	**71.1%**
Combined Ratio	**105.5%**	**104.0%**	**93.7%**	**98.2%**
Net claims ratio	*26.9%*	*31.9%*	*29.1%*	*30.0%*
Expense Ratio	*78.6%*	*72.0%*	*64.6%*	*68.3%*

RICL reported a profit of PKR 29.0m (9MCY23: PKR 6.5m) from underwriting operations during 9MCY24, takaful and conventional profits amounted to PKR 9.9m (9MCY23: PKR 7.6m) and PKR 19.1m (9MCY23: PKR (1.2m)) respectively. This is also attributable to improvement in the underwriting expense ratio to 64.6% (9MCY23: 68.3%) by end-Sept'24. The improvement in underwriting expense ratio was an outcome of higher net premium booked in all segments primarily F&P, motor and marine segments along with rationalized operating expenses. Consequently, the overall combined ratio decreased to 93.7% (9MCY23: 98.2%) during the ongoing year. Moreover, increase in recurring investment income to PKR127.7m (9MCY23: PKR 99.7m) during 9MCY24 on the back of higher dividend income emanating from equity investments resulted in improved net operating ratio of 66.2% (9MCY23: 71.1%). Moreover, uptick in profit generated from WTO business to PKR 25.5m (9MCY23: PKR 20.7m) added support to the bottom-line, with profit after tax amounting to PKR 243.6m (9MCY23: PKR 90.3m) in 9MCY24.

Table 2: Underwriting Profit

(PKR million)	**CY22**	**CY23**	**9MCY24**	**9MCY23**
Fire and property damage	**9.9**	**-9.1**	**8.3**	**0.7**
Conventional	*-1.0*	*-11.6*	*6.0*	*-5.6*
Takaful	*10.9*	*2.5*	*2.3*	*6.3*
Marine, aviation and transport	***-2.1***	***-3.3***	***13.2***	***1.4***
Conventional	*-7.2*	*-3.4*	*9.1*	*-0.3*
Takaful	*5.1*	*0.1*	*4.1*	*1.7*
Motor	***-30.0***	***-10.8***	***4.2***	***5.4***
Conventional	*-12.2*	*-11.4*	*1.0*	*3.9*

Takaful	*-17.8*	*0.6*	*3.2*	*1.5*
Miscellaneous	***0.8***	***2.7***	***3.4***	***-1.0***
Conventional	*0.7*	*2.5*	*3.0*	*0.9*
Takaful	*0.1*	*0.2*	*0.4*	*-1.9*
Total	***-21.4***	***-20.5***	***29.1***	***6.5***
Conventional	*-19.7*	*-23.9*	*19.1*	*-1.2*
Takaful	*-1.7*	*3.4*	*9.9*	*7.6*
Investment Income	**81.43**	**268.94**	**271.20**	**134.80**
Conventional	*67.4*	*246.0*	*257.1*	*119.3*
Takaful	*14.0*	*22.9*	*14.1*	*15.5*
Other Income (Conventional)	**0.5**	**5.6**	**2.6**	**4.1**
Profit from Window Takaful (Conventional)	**19.3**	**29.2**	**25.5**	**20.7**
Profit Before Tax (Total) (Total)	**67.60**	**257.00**	**304.20**	**142.90**
Profit After Tax (Total)	**44.10**	**171.90**	**243.60**	**90.30**

Reinsurance arrangements

The Company's risk profile is supported by sound reinsurance arrangements with a diversified panel of international and local reinsurers. Swiss Re (rated 'AA-' by S&P) remains the lead reinsurer across all segments followed by Pakistan Reinsurance Company Ltd. (PRCL) (except for F&P, engineering and bond segments) owing to specific quota extended to the local reinsurer. During CY24, under proportional treaties, net retention for bond segment increased whereas the treaty capacity for marine surplus treaties was enhanced in anticipation of higher business expected. On the other hand, non-proportional treaties are in place for motor (*Per Risk*), motor (*Catastrophe cover*) and Fire & Eng (*per risk & catastrophe cover*) segments, the retention and treaty capacities in the said segments remained unchanged. Moreover, terrorism cover treaties policies are booked on a case-to-case basis in facultative arrangements, hence, reducing impact of claim payouts on the Company's net account. Going forward, no major changes are expected in the reinsurance panel.

Investments

(PKR million)	**2022**	**%**	**2023**	**%**	**9MCY24**	**%**
Equities	453.6	*57.1%*	523.7	*55.0%*	685.4	*66.5%*
Money Market Mutual Funds	227.6	*28.7%*	316.2	*33.2%*	231.4	*22.5%*
Debt Securities	70.1	*8.8%*	70.1	*7.4%*	70.1	*6.8%*
Term Deposit Receipts	42.6	*5.4%*	42.6	*4.5%*	43.4	*4.2%*
Total	794.0	*100.0%*	952.6	*100.0%*	1,030.3	*100.0%*

The overall investment portfolio expanded on a timeline to PKR 1.0b (CY23: PKR 952.6m; CY22: PKR 794.0m) by end-Sept'24 with majority of portfolio vested in equities. According to the management, higher stock market exposure aligns with a decrease in the interest rates and some stability in the macroeconomic conditions. Moreover, it also allows RICL objective to invest towards Shariah-compliant avenues only. However, the stock market is susceptible to volatility thus elevating the risk profile of the investment portfolio.

The associated market and price risk is partially moderated by investments in money market mutual funds which constitute about 22.5% (CY23: 33.2%; CY22: 28.7%) of the overall portfolio at end Sept'24. The equity portfolio constitutes largely of blue-chip scrips across various sectors, concentrated particularly in the fertilizer, chemical, oil & gas and commercial banking industries. Debt securities contribute only a minimal proportion to the investment mix amounting to PKR 70.1m at end-9MCY24 (CY23: PKR 70.1m; CY22: PKR 70.1m); the same comprise solely of Pakistan Energy Sukuks which will mature in May'30 and carry a profit rate of 6M KIBOR – 0.1%. The remaining portion of the investment portfolio constitutes of term deposits receipts, amounting to PKR 44.4m (CY23: PKR 42.6m; CY22: PKR 42.6m) during the ongoing year. Going forward, diversification of the investment portfolio to mitigate overall risk profile and improve investment income at the same time will be viewed positively from a rating's perspective.

Liquidity

LIQUIDITY	**CY22**	**CY23**	**3QCY24**	**3QCY23**

Adjusted Liquid Assets to Net Technical Reserves (%)	350.4%	308.8%	352.9%	327.6%
Insurance Debt to Gross Premium (%)	45.1%	48.6%	57.0%	36.1%

RICL's liquidity position remained strong as evidenced by increase liquid assets in relation to net technical reserves to 352.9% (CY23: 308.8%; CY22: 350.4%) at end-Sept'24. The increase in the aforementioned coverage was a function of increase in the carrying value of the investment portfolio due to higher investments in listed securities during the ongoing year. Further improvement is expected once unearned premium reserves are gradually realized by end-CY24.

On the flipside, insurance debt to gross premium deteriorated to 57.0% (CY23: 48.6%; CY22: 45.1%) owing to increased premium dues from policyholders. A sizable proportion of 34.3% of these receivables are due for over 1 year. As per management, the increase in insurance and reinsurance receivables can largely be due to prevailing market conditions, which are particularly relevant for CY23 and CY24. According to the management, a significant portion is expected to be realized by end-CY24, with additional substantial recoveries anticipated in the subsequent year.

Capitalization

The Company's equity base enhanced to PKR 1.4b (CY23: PKR 1.2b; CY22: PKR 1.1b), by end-Sept'24 owing to partial profit retention. RICL also made a higher dividend payment of PKR 66.5m (CY23: PKR 31.7m; CY22: PKR 30.2m) during 9MCY24. Operating leverage remained range-bound at 37.5% (CY23: 37.7%; CY22: 34.0%). RICL is considered sound from a solvency risk perspective as the Company has adequate cushion in terms of total admissible assets over liabilities.

Additionally, financial leverage scaled down to 22.6% (CY23: 27.8%; CY22: 23.9%) in sync with growth in equity and slightly lower net technical reserves; the decrease in latter was manifested in lower unearned premium reserve and are expected to be gradually realized. The leverage indicators are largely aligned with the assigned rating. Aging of claims payables is also considered sound with no claims outstanding for more than a year at end-CY23. Going forward, improvement in underwriting performance will remain important to ensure sound leverage indicators.

Reliance Insurance Company Limited — Appendix I

FINANCIAL SUMMARY *(amounts in PKR millions)*				
BALANCE SHEET	**CY22**	**CY23**	**3QCY24**	**3QCY23**
Cash and Bank Deposits	101.8	108.6	128.5	108.2
Investments	794.0	952.6	1,030.3	832.6
Liquid Assets	888.7	1,048.9	1,147.8	932.1
Insurance Debt	386.7	537.2	618.3	392.0
Prepaid Reinsurance Ceded	153.3	193.6	186.5	156.6
Total Assets	1,888.9	2,312.5	2,544.8	2,134.1
Paid Up Capital	633.7	665.4	665.4	665.4
Net Worth	1,060.3	1,222.4	1,440.0	1,116.5
Technical Reserves	559.4	709.6	701.7	742.5
Total Liabilities	828.6	1,055.1	1,104.8	1,017.7
INCOME STATEMENT	**CY22**	**CY23**	**3QCY24**	**3QCY23**
Gross Written Premium	857.9	1,105.8	812.9	738.2
Net Premium Revenue	392.7	519.4	463.0	367.1
Net Claims	105.6	165.7	134.9	110.1
Underwriting Profit/(Loss)	(17.6)	(20.5)	29.0	6.5
Investment Income	67.4	246.0	257.1	119.3
Profit Before Tax	67.6	257.0	304.2	142.9
Profit After Tax	44.1	171.9	243.6	90.3
RATIO ANALYSIS	**CY22**	**CY23**	**3QCY24**	**3QCY23**
Market Share (%)	0.64%	0.60%	0.47%	
Cession Ratio (%)	49.0%	42.6%	46.1%	42.9%
Gross Claims Ratio (%)	34.2%	54.0%	43.5%	57.8%
Net Claims Ratio (%)	26.9%	31.9%	29.1%	30.0%
Underwriting Expense Ratio (%)	77.6%	72.0%	64.6%	68.3%
Combined Ratio (%)	104.5%	104.0%	93.7%	98.2%
Net Operating Ratio (%)	78.7%	77.6%	66.2%	71.1%
Insurance Debt to Gross Premium (%)	45.1%	48.6%	57.0%	36.1%
Operating Leverage (%) *	34.0%	37.7%	37.5%	38.5%
Financial Leverage (%)	23.9%	27.8%	22.6%	25.5%
Adjusted Liquid Assets to Net Technical Reserves (%)	350.4%	308.8%	352.9%	327.6%

**Annualized*

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Reliance Insurance Company Limited
Sector	Insurance
Type of Relationship	Solicited
Purpose of Rating	Insurer Financial Strength (IFS) Rating

Rating History

Rating Date	Medium to Long Term	Rating Outlook/ Rating Watch	Rating Action
1/31/25	**A+**	**Stable**	**Reaffirmed**
02/01/2024	**A+(IFS)**	**Stable**	**Reaffirmed**
30/12/2022	A+(IFS)	Stable	Reaffirmed
31/03/2022	A+(IFS)	Stable	Harmonized
31/12/2021	A	Stable	Maintained
31/12/2020	A	Positive	Reaffirmed
31/12/2019	A	Positive	Reaffirmed
31/12/2018	A	Positive	Reaffirmed
27/11/2017	A	Positive	Reaffirmed
29/12/2016	A	Positive	Reaffirmed
30/12/2015	A	Positive	Maintained

Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
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Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Ghulam Haider	Chief Financial Officer	27h Dec 2024